

July 29, 2011

To: Prospective Vendors

RE: Request for Proposals (RFP) DSL 2011-1: Instant Game Tickets and Related Services

The Delaware Lottery has issued this addendum to clarify *DSL 2011-1: Instant Game Tickets and Related Services* based on questions that have been submitted by prospective vendors within the question and answer period.

Clarifications are organized by RFP section and numbered requirement in a question and answer format. Each vendor's question is listed followed by the Lottery's clarification. In cases where the same or similar questions were posed, only a single response may be provided. For questions that were posed without reference to a specific RFP section or requirement number, those questions and responses, or citations to applicable clarifications, are provided in a digest at the end of the document. The Lottery has also prepared a "[DSL 2011-1 Addendum Supplement](#)" that is attached. When applicable to specific questions, the Lottery's response in this document will direct vendors to refer to the Supplement.

The Delaware Lottery thanks all prospective vendors for their inquiries and interest in RFP DSL 2011-1: Instant Game Tickets and Related Services.

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Addendum: Questions and Clarifications

Part 1 – Proposal Submission Information

1.0, #3. Introduction (p.8)

Do Field Marketing Representatives deliver Tel-Sell generated ticket orders or are they handled via courier.

The current Vendor delivers via courier.

1.0, #11. Introduction (p. 9)

Will the DSL kindly explain the procedure to be followed with respect to the procurement of licensed properties?

The successful vendor will present known successful licensed properties to the DSL for its consideration during quarterly marketing planning meetings, or as otherwise identified on the open market. The DSL may also identify desirable licensed properties on the open market and will direct the successful vendor to conduct further research about such properties.

In addition, will the DSL please detail its expectations of a successful vendor in connection with such procedure?

The successful vendor will research, negotiate, and engage in contractual agreements acting as the DSL's agent in securing rights to use licensed properties in instant ticket game design and promotion.

1.1, F. Lottery Objectives (p. 9)

Since the RFP states DSL anticipates the contract being executed in November 2011 and the new system will not be ready for production operations, will these new instant games be validated on the current system?

Yes.

1.6 Schedule (p. 10)

Since a new system will require software development, internal testing, and customer acceptance testing, how many months after contract execution will the vendor have to build the new system and have it ready for production operations?

As per RFP 5.6, proposing vendors are expected to provide a transitional plan and schedule during their presentation.

1.10.1, #3. Proposal Format (p. 12)

Will the DSL please confirm that there will be an opportunity to negotiate a contract with the successful vendor after award?

Please refer to RFP 5.7.

If there will not be such an opportunity, will the DSL kindly advise whether noted exceptions will deem a vendor's bid non-compliant?

All exceptions to all requirements including contractual terms and conditions must be noted in the vendor's Proposal. At the time of review, DSL will determine whether to accept or reject the exception taken and will notify the vendor accordingly.

1.17 Proposal Clarification Process (p. 15)

Does the DSL intend to have proposal clarification requests/questions submitted to Vendors before the scheduled Vendor presentations?

Clarifications may occur throughout the Proposal submission review and/or the Narrative/Technical Proposal evaluation process.

1.20 Disclosure and Ownership of Proposal Contents by the Lottery (p. 15)

Will the DSL please amend this section to provide that the DSL only has the right to use the information contained in the materials submitted solely for evaluating the proposal and, if a vendor is awarded a contract, any and all ideas presented shall be used in accordance with the contract?

The Lottery reserves the right to use any and all information contained in a Proposal unless prohibited by law.

1.21 Confidential Proposal Materials (p. 16)

To ensure a vendor may seek and obtain a protective order or other appropriate remedy, will the DSL please confirm that the DSL will provide reasonable notice to a vendor prior to the public disclosure of any information in the vendor's proposal marked as consistent with Delaware's Freedom of Information Act as trade secret, commercial or financial, or proprietary data of a privileged or confidential nature?

The Lottery will not disclose properly marked Confidential and Proprietary information unless required by Delaware State policy or law. The Vendor will be notified if such a disclosure is requested. It is up to the Vendor, not to the Lottery, to defend its proprietary information rights.

1.29 Proposal Tenure and Proposal Bond (p. 18)

Does the Lottery intend to ask vendors to provide a proposal bond?

A proposal bond is not required for this solicitation. The words "and Proposal Bond" are stricken from the heading of RFP 1.29.

1.30 Disclosure and Investigations during Proposal Evaluation (p. 18); 2.18.1 Vendor Personal Background (p. 33)

Who pays the costs of the disclosure investigations?

Is the DSL or the Vendor responsible for the costs of the background investigations?

The DSL is responsible for the cost of these investigations.

Part 2 – Terms and Conditions**2.1 Contract Elements (p. 21)**

Will the DSL please amend Section 2.1 of the RFP to include Working Papers as an integral part of the contract between DSL and the successful vendor?

Working papers are specific to each game offering and are not documents created as a foundation of the Contract. The Lottery will not change the order of the Contract documents that govern authority between the documents as stated in RFP 2.1.

2.2 Contract Obligation (p. 21)

We interpret this Section 2.2 to mean that the award of the contract under the RFP does not create a debt obligation or pecuniary liability for the State, but that the Lottery will be contractually obligated to perform according to the terms of the awarded contract. Is that correct? If not, will the Lottery please clarify what is the scope and intent of this clause?

As the awarded vendor will be paid solely from the sales of the tickets, the contract created through this proposal process will not be paid through any annual appropriations received in the State's budgeting process.

2.5 Term of Contract (p. 22)

Will the DSL please confirm that on the first day of the three-year term of production operations, the vendor will be compensated its proposed percentage of sales regardless of what company printed the tickets that are being sold?

Vendors will be compensated based on their proposed percentage of net instant game sales of their manufactured tickets.

2.6 Emergency Extension (p. 21)

To preclude a reactivation or extension period subsequent to the removal of vendor's instant game system, will the DSL please confirm that its right to reactivate or further extend the initial contract, or any renewal thereof, shall terminate upon the removal of vendor's instant game system?

The DSL will not reactivate or further extend the initial contract, or any renewal thereof, after the removal of the vendor's instant game system, without the consent of the vendor.

2.9 Bonds and Insurance Company Qualifications (p. 23)

Our Company has certain insurance policies underwritten by Lloyds of London due to the specialized nature of our business. Would the State of Delaware accept insurance policies underwritten by Lloyds of London?

Yes.

2.10, Bullet #4 Insurance (p. 24)

Will Lottery accept language change that modifies the terms to state: "must respond to any act or omission of the Successful Vendor, its officers, employees, agents, subcontracts or assigns as it relates to contractual professional services, technology products and technology based services"?

The Lottery will accept this change and the RFP is amended accordingly.

2.10.1, B Insurance Coverage and Limits (p. 25)

Paragraph B has a requirement for \$2,000,000 for any one person as it relates to General Liability insurance. Does this limit relate to medical expense per person or the total limit per person up to a \$4,000,000 per occurrence limit? Can the Lottery clarify?

The requirement is for the vendor to carry under their commercial general liability coverage \$2,000,000 for each occurrence and \$4,000,000 general aggregate. There is no expression of medical insurance limits.

2.11 Performance Bond (p. 25)

Will the DSL accept an industry-standard performance bond form?

Yes.

Will the DSL please revise the second sentence in the first paragraph of Section 2.11 to read: "The Lottery may make a claim against the Performance Bond if the Successful Vendor defaults in the performance of the Contract or has occasioned uncompensated liquidated damages."?

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor's proposals will be considered in the evaluation process.

Is this section referring to Section 2.14.5 where if payments for liquidated damages are not paid, the DSL may make a claim against the performance bond? Can the DSL please clarify what is meant by paragraph three in Section 2.11?

If the liquidated damages have not been paid within 30 (thirty) days, DSL will ask for the liquidated damages to be paid by claim against the performance bond.

2.13 Vendor Error Liability (p. 26)

Under the regulations adopted pursuant to the State Lottery Law, 29 Delaware Code, Chapter 48, “[i]f a ticket misprinted due to machine error (as determined by Lottery internal procedures) has been sold, the ticket holder shall be reimbursed for the cost of the ticket. Such tickets shall not be eligible for any prize.”

As it appears that the DSL would have no specific and definite financial obligation to a ticket holder for a misprinted ticket under DSL regulations other than the reimbursement for the cost of the ticket, wilds please confirm that (1) the successful vendor shall not be obligated to pay any amounts that the DSL itself is not obligated to pay and (2) that, in the event the DSL determines that it is in its best interest to make a payment to a player beyond the scope of the regulation set forth above, any amounts for which the successful vendor shall be obligated to pay shall be mutually agreed upon by DSL and the successful vendor.

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor’s proposals will be considered in the evaluation process.

2.14 Liquidated Damages Provisions (p. 26)

Notwithstanding the provisions of Section 2.14, will the DSL amend the RFP to provide that the DSL will not assess liquidated damages in multiple categories for the same incident if to do so would amount to an unenforceable penalty under Delaware law?

Will the DSL please also amend the RFP to provide that the successful vendor shall not be required to pay liquidated damages for matters caused solely or partially because of a failure of any third party that is not a subcontractor to the successful vendor, which were taken by that third party acting on its own volition or on or at the direction of or on behalf of the DSL?

Will the Lottery please include a provision that in the event a liquidated damages event occurs, that the amount of the liquidated damages assessed will be reasonably related to the damages incurred by the Lottery?

Will the Lottery please amend this clause so that liquidated damages will not be assessed under multiple provisions for a single liquidated damages event? Currently this clause states the opposite, and could possibly be unintentionally excessive in scope for a single incident.

Will the Lottery please amend this clause to state that the successful vendor will not be liable for liquidated damages to the extent the liquidated damages event is caused by the Lottery or a third party acting by or on behalf of the Lottery? Currently this clause states only that if the liquidated damages event occurs due to a delay caused by the Lottery or force majeure then the vendor shall not be liable. However, other Lottery actions outside this narrow exclusion may occur that lead to a liquidated damages event. Further, since the vendor is obligated to attach third party systems or components to the System, the vendor should not be liable for liquidated damages caused by the performance of the third party system or component.

Will the Lottery please amend this clause to reflect that liquidated damages, if assessed, are the sole remedy for a liquidated damages event? The purpose of liquidated damages clauses are to create a remedy contractually between the parties to create certainty for both regarding indefinite damages arising from specific events. To allow for other remedies renders the

liquidated damages clause meaningless to the vendor as it relates to this purpose. If the Lottery is unwilling to simply delete this provision, will the Lottery please at least confirm that suit for damages will not be one of the “other remedies” available to it in these circumstances?

Will the Lottery please agree to include a date certain by which time the right to assess liquidated damages for a specific event expires. The concern is that without this reasonable expiration date, the Lottery may create a reserve of potential liquidated damages that could be assessed at any time during the term, which is clearly not the purpose of this clause.

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor’s proposals will be considered in the evaluation process.

2.14.6 Applicability of Liquidated Damages and Pro Rata Liquidated Damages (p. 27)

Will the DSL please amend Section 2.14.6 of the RFP to read as follows: “The Successful Vendor shall not be required to pay liquidated damages for delays solely due to matters: (i) as enumerated in the section entitled “Force Majeure”; (ii) as defined under Delaware law as “Force Majeure”; or (iii) for time delays specifically due to, or approved by, the Lottery. In all the below liquidated damages sections, the damages shall be pro-rated for partial periods.”?

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor’s proposals will be considered in the evaluation process.

2.15 Ownership of Materials (p. 31)

Would the DSL confirm that notwithstanding the first paragraph of Section 2.15, the DSL shall only own proprietary rights in the data, documentary material, and operating reports originated and prepared exclusively for the Lottery pursuant to any Contract resulting from this RFP only to the extent such property (a) first originated under the Contract; (b) is unique to the Lottery; and (c) was paid for by the Lottery, with the understanding and agreement that to have “originated” under the Contract means that the data, documentary material and operating reports, as applicable, do not incorporate, were not based on, and did not arise out of, any proprietary games, products of solutions or confidential information of the Successful Vendor.”?

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor’s proposals will be considered in the evaluation process.

2.19 Production-Ready Acceptance Test Following Contract Award (p. 34)

Will the Lottery please insert the term “reasonable” so that it reads, “The Lottery, at its sole reasonable discretion, will determine whether performance against the acceptance tests is adequate, and whether conversion can proceed to production as scheduled.”?

No.

What is the location of the CAT (Customer Acceptance Testing) systems for online lottery testing; are they located in the primary data center or elsewhere?

CAT systems are located in the primary data center at 1575 McKee Road, Suite 101, Dover, DE 19904.

Will acceptance testing be conducted in conjunction with the online gaming CAT system?

Yes.

Will the existing online gaming vendor provide terminals and pass-through interface software to permit simulation of the production environment in the successful vendor's development and test facilities?

Yes.

Will engineering support be provided by the online gaming vendor for any equipment and software so provided?

Yes.

Will pass-through interfaces be provided to the existing online CAT system and to the successful vendor as necessary?

Yes.

2.20 End of Contract Conversion (p. 35)

Will the Lottery please confirm that conversion services will be conducted subject to appropriate confidentiality obligations on the parties involved?

The Lottery will take under advisement that such a requirement be included in the next solicitation.

2.24 Title to Use and Compensation for Intellectual Property (p. 36)

As the DSL would only require a license during the term of the contract or later if tickets manufactured by the successful vendor are still being sold, validated, or processed by the Lottery or its agents, would the DSL please amend the term of the license to be the length of the term of the contract?

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor's proposals will be considered in the evaluation process.

2.26 Attachment of Third-Party Systems, Terminals or Products (p. 37)

Will the DSL amend Section 2.26 to provide that any confidential information of the successful vendor that is required to be shared with a third party in connection with the installation or products and systems, other than those required by this RFP, shall be protected in a non-disclosure agreement between the successful vendor and the third party?

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor's proposals will be considered in the evaluation process.

2.29 Termination for Cause (p. 38)

Will the Lottery please consider providing a cure period for a breach listed in this section to the extent such breach is capable of remedy? We suggest a thirty (30) day period from receipt of notice from the Lottery.

A cure period is included in Delaware's standard professional services contract. The length of the period will be determined as part of Contract negotiations.

2.30 Termination without Cause or for Convenience (p. 39)

Given the nature of payment under the contract as a percentage of sales over the term of the contract, would the DSL please confirm that the cost of work performed and services rendered in constructing and implementing the instant games system in order to meet the requirements and time line, either prior to or after conversion, are recoverable expenses?

In the event of termination without cause or for the convenience of the Lottery, the vendor may seek reimbursement for the cost of any materials, services, or other expenses reasonably and actually incurred at the time of the receipt of notification of cancellation and not otherwise usable or recoverable by the vendor. Upon notice of termination, the vendor will be required to take all steps necessary to mitigate the costs and expenses payable. The Lottery would not consider a claim from the vendor to recover the remaining book value of assets or lost profits as a result of the termination.

2.31 Default (p. 39)

With regard to Section 2.31 of the RFP, we respectfully request that the DSL modify this provision to clarify that termination for default is intended to apply to a default of a material obligation only.

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor's proposals will be considered in the evaluation process.

In addition, will the DSL please add a reasonable cure period of sixty (60) days?

A cure period is included in Delaware's standard professional services contract. The length of the period will be determined as part of Contract negotiations.

2.32 Disputes under the Contract (p. 40)

Will the DSL please amend Section 2.32 of the RFP to provide that the dispute resolution procedures set forth therein shall not commence until after the parties have had an opportunity to meet and discuss the relevant issue(s) and have failed to resolve such dispute within a reasonable period thereafter?

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor's proposals will be considered in the evaluation process.

2.37 Indemnification (p. 42)

Will the DSL please amend Section 2.37 of the RFP to provide that the successful vendor's indemnity obligations under this section shall not extend to any liability caused by (a) the negligence of or the unauthorized use of the instant games system by the Lottery, the State of Delaware and their respective officers, agents, directors, employees and other contractors; (b) the successful vendor's actions or omissions if requested by or in compliance with the Lottery's requirements; (c) any act or omission of a third party not a subcontractor of the successful vendor, or (d) the Lottery's use of any attachment to the instant game system of a third party system, terminal or product as contemplated by Section 2.26?

Will the Lottery please amend this section to require indemnification for claims arising from the unauthorized, negligent or intentionally wrongful acts of the persons listed. If the performance is required by the Lottery and is correctly performed, the vendor should not be liable to indemnify the Lottery for claims arising from that performance. This would not apply to the intellectual property indemnification.

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor's proposals will be considered in the evaluation process.

Part 3 – Specifications

3.1 Instant Games System (p. 46)

How many games are stored at this time on the current instant games system?

Approximately 500 (five hundred).

The RFP refers to remote operation (with hot backup). Would the DSL please clarify the term "remote operation."?

The Lottery's Business Continuity Plan requires that all of its systems be operable from a remote location.

Would the DSL also define the term "hot backup" with respect to functional scope, system location, and currency of data?

The term "hot backup" used in this context means real-time failover.

3.1, B. Instant Games System (p. 47)

Would the DSL please indicate whether wide area network communications circuits would be the responsibility of the successful vendor?

Communication between the instant games system and the Lottery's central system will be the responsibility of the successful vendor.

3.1, B. #2 Instant Games System (p. 47)

Will the DSL please confirm if it maintains its own data warehouse and reporting tools for sales and performance analysis or if it expects the successful vendor to supply a separate instant ticket data warehouse and reporting tools for these activities?

It is the responsibility of the successful vendor to supply instant ticket data warehousing and reporting tools.

3.2 Instant Games Tickets (p. 47)

Would the DSL please provide ticket size per price point; pack size per price point; and, overage order quantity per price point?

Current ticket and pack sizes: \$1 2.5" x 4" 300 tickets; \$2 4"x 4" 150 tickets; \$3 6"x 4" 100 tickets; \$5 6"x 4" 60 tickets; \$10 8"x 4" 30 tickets; \$20 8"x 4" 15 tickets; all packs total \$300; Overage: +/- 2%.

Would the DSL please provide copies of its FY10 and FY11 game launch schedules?

Please see attached DSL 2011-1 Addendum Supplement.

3.2.1, C. Technical Specifications and Production (p. 47)

Will the DSL please amend Section 3.2.1.C of the RFP to provide that the successful vendor's indemnity obligations under this section shall not extend to any liability arising out of the use of trademark, patented design, device, material, or process in connection with the work agreed to be performed under the contract to the extent such use was not deemed advisable by the successful vendor's in-house or outside Intellectual Property Counsel?

Vendors can take exceptions in their Proposals and try to negotiate the language and DSL will make a determination at that time. All exceptions taken in Vendor's proposals will be considered in the evaluation process.

3.2.2 Distribution (p. 51)

How many retailer shipments per year does the DSL generate?

Please refer to RFP 3.2.2, A.

How does the DSL release new games to retailers? Are they released in bulk to all retailers on the same day?

Please refer to RFP 3.2.2, A.

Are retailers called by telemarketing staff to confirm order quantities for new game releases?

When the DSL releases a new instant game, the quantity of packs of tickets allocated for each retailer is pre-determined based on past sales performance. During the weekly telemarketing call cycle prior to the release of a new game, telemarketing staff verify with each retailer that the quantities in the new game shipment are appropriate.

What is the approximate size and ceiling height of the current warehouse?

The current warehouse space is approximately 97 feet long by 17 feet wide by 22 feet high.

Is the current contractor required to store other items belonging to the DSL in this warehouse space? If so, what percentage of space is used for these items?

There is no specific requirement to store anything other than tickets, but occasionally some Lottery POS materials are temporarily stored for convenience. The temporary storage of these items would generally occupy no more than 5% of the warehouse space.

Is the facility used by the current vendor owned or leased by the DSL/State of Delaware for the current vendor's use? If so, will it be available to the selected vendor and at what rate?

The space currently being used as a warehouse is a section of the DSL office complex provided under a separate contractual arrangement through February 2015. If the space is appropriate to the successful vendor's requirements, the Lottery would make it available through the above referenced date without charge.

3.2.2, A. & B. Distribution (p. 51)

Would the DSL please be more specific about the game-related POS items that may be included with instant ticket orders? Specifically: What might be the weight and volume of such items? Would any items require secure handling or storage? What would be the frequency of distribution?

Game related POS items that may be included with instant ticket orders typically include flat paper products no larger than 11x14 inches, weighing in combined total no greater than approximately 8 ounces. Secure packaging would only be required when the POS items were packaged with instant game tickets. Please refer to section 3.3.2, A. for the frequency of distribution.

In addition, will the instant vendor be required to distribute secure online ticket stock and bet slips?

No.

3.2.2, B. Distribution (p. 52)

Would the DSL please clarify: Whether retailers can initiate instant ticket orders?

Retailers can initiate instant ticket orders by telephone only.

Whether the Wave terminal provides the retailer with an instant ticket ordering function?

Retailers can initiate a request for a return instant ticket telephone call by pressing a button on the screen of the WAVE terminal.

Whether instant ticket ordering from the terminal must be supported by the successful vendor's system?

No.

3.3 Instant Games Marketing (p. 52)

Can the DSL provide prize structures at each price point for recently launched games?

The successful vendor will be provided with detailed documentation upon commencement of any conversion implementation.

Would the DSL please provide copies of its most recent tracking study or research projects?

No.

Would the DSL please provide the following: Weekly sales by game for FY09, FY10, and FY11?

Please see attached DSL 2011-1 Addendum Supplement.

Fiscal sales by price point for FY09, FY10, and FY11?

Please see attached DSL 2011-1 Addendum Supplement.

A copy of Working Papers for each price point? Ticket samples at each price point and POS pieces?

No.

Can the DSL provide scratch-off ticket launch schedules for the past three fiscal years containing the following information for each game? Launch date; Weekly sales; Price point; Ticket quantity; Ticket size; Book size; and, Sell-through.

Please see attached DSL 2011-1 Addendum Supplement.**3.3, #3 Instant Games Marketing (p. 52)**

Do unused Promotional Allowance funds carry over from year to year?

No.

3.3.1 Marketing Staff Support (p. 53)

How many Field Marketing Representatives does the DSL/Vendor currently maintain?

The DSL has 3 Field Marketing Reps. The current vendor has 3 Field Marketing Reps.

How many Warehouse and Telemarketing staff does the DSL/Vendor currently maintain?

The DSL has no warehouse or telemarketing staff. The current vendor has two warehouse/telemarketing staff.

3.5.1 Corporate Background Review (p. 55)

Would the DSL please confirm that numbers 4 and 5 should be deleted and the remaining subsections should be re-numbered accordingly?

In RFP 3.5.1, numbers 4 and 5 are duplications of number 3 and are stricken. Vendors may renumber 6 through 9 (as numbers 4 through 7) accordingly.

3.5.7, #1. Financial Viability (p. 58)

Vendors who are subsidiaries of publicly traded companies do not prepare subsidiary-only financial statements so it is impossible to comply with the requirement "If a Vendor is a subsidiary of another corporation, the financial statements of the Vendor, as well as the consolidated financial statements of the parent company shall be submitted." Will DSL amend the RFP to require only consolidated financial statements of the parent company be submitted in the event the Vendor is a subsidiary company?

Consolidated financial statements of the parent company may be submitted in the event the Vendor is a subsidiary company.

3.6.3, #5 Management Software Features and Capabilities (p. 60)

Would the DSL please provide additional details on the settlement process?

In an overnight process at the close of each business day, the on-line gaming system exports a file to the instant gaming system. The instant gaming system imports the data in this file to create a daily accounting record, by retailer and by game, of all on-line game selling and prize payment activities.

At the close of each accounting week (Sunday overnight), the daily accounting records containing on-line games activities are combined with instant ticket system accounting data to create a combined weekly settlement record for each retailer. Weekly settlement records are permanently stored in the instant ticket gaming system database.

After the DSL's accounting staff verifies the weekly settlement records, the settlement records are used to create individual settlement reports that are made available to retailers through the reporting function of the WAVE terminal.

Prior to the release of weekly settlement reports through the on-line gaming system and WAVE terminal, the Weekly settlement records are used to generate a single EFT file that is sent to the banks for collection.

Weekly settlement reports are also made available to Lottery management through various query functions of the instant ticket management system. Both individual accounting reports and multi-location combined (chain) reports are available through the internal reporting function.

Is it anticipated that the EFT Sweep for instant ticket operations would be independent of the processing of online game processes?

The DSL currently operates with a combined, weekly online and instant games settlement with a single, combined EFT sweep and does not anticipate changing that format.

3.6.9 Validation after Conversion (p. 61)

How long after closing a game are winning and losing tickets purged from the system?

Game and retailer records are never “purged.” The active reporting functionality of the system must allow queries of all retailer records and all instant games that are active (on sale); all instant games that have been closed for retail sale; all instant games that have been closed for retailer sale and are awaiting final prize expiration (one year from the date of retail close-out); and all instant games for which all prizes have expired and are awaiting final reconciliation and destruction. The complete “active” reporting life cycle of a game record may exceed three years. The total number of games in an “active” reporting status at any given time may exceed 150 games.

Would the DSL please confirm that, subject to a Confidentiality and Limited Use Agreement, the current vendor will supply the new vendor with the validation algorithm(s) used to process the existing instant ticket games?

Yes.

How many validation algorithms are in use at this time?

2 (two).

3.6.10 Conversion of Existing Sales and Retailer Information (p. 61)

With regard to the conversion of historical data, would DSL please indicate: The period for which existing sales and retailer historical data must be converted in support of historical report generation?

Year 2000 to present – all existing game and retailer records.

Whether the format of historical data is consistent over the required conversion period and/or the number of changes in format that must be accommodated?

Consistent – all records are currently maintained in a SQL 2000 database. The current size of the database is 16 GB, including approximately 33% free space.

The period over which archived data must be converted?

Please see the answer to RFP 3.6.9.

The period for which online (as against archived) data must be available for reporting at start-up.

Online settlement data must be available from 2003 forward.

Part 4 – Pricing

4.4 Pricing and Scoring of Options (p. 62)

Acknowledging that options may be priced as “TBD”, if options are priced should they be quoted as percentages of net sales?

Vendors have latitude as to the pricing of Offered Options.

Appendix C, #2 Instant Games Retailer Reports (p. 73)

Would the DSL please clarify the statement regarding the integration of instant and online settlement statements, i.e.: Which vendor will be responsible for integrating the settlement detail for retailer reports? Which vendor will be responsible for specifying the interface for report integration?

The instant games vendor will be responsible for integrating the settlement detail for retailer reports. The current online vendor is responsible for specifying the interface for report integration.

Are any other integrated reporting requirements anticipated?

Not at this time.

Questions without Citations

Would the DSL please provide the current contract pricing and options pricing schedules?

Please see attached current DSL Instant Games Contract.

Would the DSL please indicate whether the current contract covers the same scope of services as the RFP?

Please see attached current DSL Instant Games Contract.

Would the DSL please provide the game plan / launch schedule for the current fiscal year?

Please see attached DSL 2011-1 Addendum Supplement.

Would the DSL please identify on an annual basis the number of games ordered that are reorders of existing games?

Games that are “re-ordered” are printed and managed as separate, new games with independent re-launch and separate game records..

What is the DSL’s policy regarding top-tier prizes? That is, is a game pulled once the last top-tier prize is sold?

The DSL pulls instant games from the market after the top prize is claimed.

To assist with the selection of a suitable facility and evaluate communications options, would DSL please provide the locations of the following facilities? Primary Data Center (online), Back up Data Center (online).

The Primary Data Center (online) is located at 1575 McKee Road, Suite 101, Dover, Delaware 19904. The Back-up Data Center (online) is located at 1500 Bluegrass Lakes Parkway, Alphretta, Georgia 30005.

Would DSL please clarify whether there is a requirement for an ICS system and, if so, identify the data that the successful vendor should provide?

The Lottery currently does not utilize an instant games ICS system and such a system is not a requirement of this RFP.

Is it anticipated that the successful vendor’s system will be required to interface to an existing ICS. Is this true?

No.

Would DSL consider providing the specification for such an interface to include data formats, time lines, and other requirements associated with the interface?

N/A.